

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1085-01
Bill No.: HCR 18
Subject: Judges; Elected Officials
Type: Original
Date: January 25, 2011

Bill Summary: This proposal is related to disapproving the recommendation of the Missouri Citizens' Commission on Compensation for Elected Officials.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0	\$5,024,710	\$5,024,710
Total Estimated Net Effect on General Revenue Fund	\$0	\$5,024,710	\$5,024,710

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	At least \$486,980	At least \$486,980

FISCAL ANALYSIS

ASSUMPTION

Oversight reviewed the Missouri Citizens' Commission on Compensation for Elected Officials report dated November 24, 2010. Three recommendations were made by the commission. The first two recommendations were to retain the current compensation structure for statewide elected officials as well as members of the General Assembly. Obviously, this would not result in a cost to the state.

The third recommendation stated to change the compensation structure for Missouri Judges. The salaries for the Supreme Court Judges, Court of Appeals Judges, Circuit Court Judges and Associate Circuit Judges would all be indexed to a commensurate judicial position in the federal system. This would result in pay increases ranging from 5.1 percent to 10.5 percent for the current judges. The recommendation from the commission is for this pay index to occur for Fiscal Year 2013; therefore, no additional costs would be incurred by the state for Fiscal Year 2012. The direct cost of increasing the judges' pay to the amounts stated in the report would be roughly \$2.9 million per year.

Judges	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Chief Justice	1	\$139,534	\$154,215	\$14,681	\$14,681
Supreme Court Judge	6	\$137,034	\$147,591	\$10,557	\$63,342
Court of Appeals	32	\$128,207	\$134,685	\$6,478	\$207,302
Circuit Judge	144	\$120,484	\$127,020	\$6,536	\$941,184
Associate Circuit Judge	225	\$109,366	\$116,858	\$7,492	\$1,685,700
Total					\$2,912,209

Since some of the benefits paid by the state is based upon salary, an additional \$1.8 million (MOSERS contributions, employer FICA tax, long term disability, workers compensation, unemployment) would be incurred as well. Currently, the MOSERS contribution rate for judges is roughly 58 percent. Therefore, the state would incur a total of roughly \$4.7 million (\$2.9 million + \$1.8 million) in direct additional annual expenses to fund the suggested judicial pay increases.

Also, other indirect expenses would be incurred by the state in FY 2013 if the recommendations were implemented. The annual salary for Administrative Law Judges within the Department of Labor and Industrial Relations (DOLIR) as well as the salary of the State Public Defender is directly tied to Missouri Judges' salary. For example, if the pay for Associate Circuit Judges

ASSUMPTION (continued)

were to increase, so too will the pay for all Administrative Law Judges. Therefore, an additional \$323,000 of annual expenses (\$262,808 of direct plus roughly \$60,000 of fringe benefits) will be incurred by the state if the annual pay for Administrative Law Judges and the State Public Defender is correspondingly increased.

Position	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Chief Administrative Law Judges (DOLIR)	8	\$103,429	\$110,173	\$6,744	\$53,952
Administrative Law Judge (DOLIR)	30	\$98,429	\$105,173	\$6,744	\$202,320
State Public Defender	1	\$120,484	\$127,020	\$6,536	\$6,536
Total					\$262,808

Therefore, this amount added to the \$4.7 million directly associated with Missouri Judges, would total roughly \$5.0 million per year in costs to Missouri's General Revenue Fund to implement the recommendations of the Commission.

Another expense to consider would be the increase in salary for Full-time Missouri Prosecutors whose pay is directly tied to that of the Associate Circuit Judges. The Missouri Office of Prosecution Services states there are 65 full time prosecutors; therefore, if the salary of the full-time prosecutors is to remain equal to that of Missouri Circuit Judges, the counties would have to fund an additional \$487,000 plus the cost of benefits.

Position	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Full-time Prosecutors (paid by the counties)	65	\$109,366	\$116,858	\$7,492	\$486,980

The recommendations made would occur as of July 1, 2012; therefore, **Oversight** will assume no fiscal impact in FY 2012 and a full year of change for FY 2013. Oversight will assume no additional growth in salary for FY 2014.

Since this Concurrent Resolution, if passed, would nullify the pay increases scheduled to take place, **Oversight** will reflect the fiscal impact of the passage of this Concurrent Resolution as a 'cost avoidance'.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Cost Avoidance - Office of the State Courts Administrator (OSCA)</u>			
Personal Service - rejection of pay increase for judges	\$0	\$2,912,299	\$2,912,299
Fringe Benefits - MOSERS, employer FICA, unemployment, etc.	<u>\$0</u>	<u>\$1,789,608</u>	<u>\$1,789,608</u>
<u>Total Cost Avoidance - OSCA</u>	<u>\$0</u>	<u>\$4,701,907</u>	<u>\$4,701,907</u>
<u>Cost Avoidance - Department of Labor and Industrial Relations (DOLIR)</u>			
Personal Service - rejection of pay increase for administrative law judges	\$0	\$256,272	\$256,272
Fringe Benefits - MOSERS, employer FICA, unemployment, etc.	<u>\$0</u>	<u>\$58,856</u>	<u>\$58,856</u>
<u>Total Cost Avoidance - DOLIR</u>	<u>\$0</u>	<u>\$315,128</u>	<u>\$315,128</u>
<u>Cost Avoidance - Office of the State Public Defender (SPD)</u>			
Personal Service - rejection of pay increase for the State Public Defender	\$0	\$6,536	\$6,536
Fringe Benefits - MOSERS, employer FICA, unemployment, etc.	<u>\$0</u>	<u>\$1,139</u>	<u>\$1,139</u>
<u>Total Cost Avoidance - SPD</u>	<u>\$0</u>	<u>\$7,675</u>	<u>\$7,675</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$5,024,710</u>	<u>\$5,024,710</u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

COUNTIES

Cost Avoidance - rejection of increase in pay for full-time Prosecutors whose pay is directly tied to that of Missouri Associate Circuit Judges

\$0

At least
\$486,980

At least
\$486,980

**ESTIMATED NET EFFECT TO
COUNTIES**

\$0

At least
\$486,980

At least
\$486,980

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

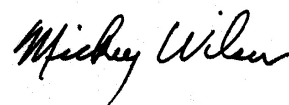
FISCAL DESCRIPTION

This concurrent resolution rejects the salary increases for judges, legislators and statewide elected officials recommended by the Citizen's Commission on Compensation for Elected Officials.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Department of Labor and Industrial Relations
Office of the State Public Defender
Office of Prosecution Services



L.R. No. 1085-01
Bill No. HCR 18
Page 7 of 7
January 25, 2011

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January 25, 2011